TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 2845 – SB 3338

February 23, 2012

SUMMARY OF BILL: Requires any authorized agent, licensed under the Tennessee Money Transmitter Act of 1994, which receives money for wire transmissions to foreign countries, to collect from customers a fee of $25.00 per wire transmission. Requires licensed agents to provide receipts to customers. Establishes recordkeeping requirements for licensed agents. Establishes a Class C misdemeanor, punishable only by fine, for any person to avoid or evade the fee as required. Authorizes any licensed agent to retain 0.5 percent of the $25.00 fee for the cost of accounting. Requires authorized agents to transmit monthly any remaining fee revenue to the Department of Revenue (DOR) for deposit into a newly-created Crime Prevention Fund (CPF). Authorizes DOR to retain one percent of received fee revenue for administrative costs. Requires the State Treasurer to invest monies deposited to the CPF. Requires the Director of the Tennessee Bureau and Investigation (TBI) to direct monies in the CPF to programs designed to prevent and detect criminal activities.

ESTIMATED FISCAL IMPACT:

Increase State Revenue –
$1,046,800/FY12-13/Department of Revenue
$103,629,700/FY12-13/Crime Prevention Fund
$2,093,500/FY13-14 and Subsequent Years/Department of Revenue
$207,259,300/FY13-14 and Subsequent Years/Crime Prevention Fund

Increase State Expenditures –
$1,046,800/FY12-13/Department of Revenue
$103,629,700/FY12-13/Crime Prevention Fund
$2,093,500/FY13-14 and Subsequent Years/Department of Revenue
$207,259,300/FY13-14 and Subsequent Years/Crime Prevention Fund

Other Fiscal Impact – Recurring funds deposited to the Crime Prevention Fund will be earmarked and utilized by the Tennessee Bureau of Investigation for the purpose of programs designed to prevent and detect criminal activities.

Assumptions:

- According to the Department of Financial Institutions (TDFI), there were approximately 42,080,965 money transmissions in this state in the year 2010. This number is assumed to remain constant in subsequent years.

- The number of money transmissions, as indicated by TDFI, is equivalent to the number of wire transmissions, as defined by this bill.
- Twenty percent of wire transmissions (or 8,416,193) are to foreign countries.
- The recurring increase in fee revenue is estimated to be $210,404,825 (8,416,193 x $25.00)
- For the costs of accounting, authorized agents are authorized to retain 0.5 percent of the $25.00 portion of the fee. Therefore, authorized agents will retain approximately $1,052,024 (8,416,193 x $25.00 x 0.5%) each year.
- Authorized agents will remit to the Department of Revenue (DOR) approximately $209,352,801 ($210,404,825 - $1,052,024) each year.
- DOR is authorized to retain one percent of fee revenue received from authorized agents for the cost of implementation and administration. Therefore, the recurring increase in state revenue retained by DOR is estimated to be $2,093,528 ($209,352,801 x 1.0%).
- It is assumed that the additional funding retained by DOR will be sufficient for administering the new fee; as a result, a recurring increase in state expenditures by DOR of $2,093,528.
- All remaining fee revenue shall be deposited to the CPF. Therefore, the recurring increase in state revenue deposited to the CPF is estimated to be $207,259,273 ($209,352,801 - $2,093,528).
- One hundred percent of funds deposited to the CPF shall be utilized by the Tennessee Bureau of Investigation (TBI) for the purpose of programs designed to prevent and detect criminal activities. Therefore, a recurring increase in state expenditures from the CPF of $207,259,273.
- A small increase in cases in the court system for Class C misdemeanor offenses, which will result in additional local government expenditures for processing the cases and additional local government revenue from fees, fines and costs collected. These expenditures and revenue are estimated to be not significant.
- Given the January 1, 2013, effective date, the first-year impact (FY12-13) is estimated to be 50 percent of the first full-year impact (FY13-14).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Lucian D. Geise, Executive Director

/rnc